

Exhibit 4

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PROVIDENCE, SC.

SUPERIOR COURT

ST. JOSEPH HEALTH SERVICES OF)
RHODE ISLAND)

VS.

C.A. NO. PC-2017-3856

ST. JOSEPH HEALTH SERVICES OF)
RHODE ISLAND RETIREMENT PLAN)

HEARD BEFORE

THE HONORABLE ASSOCIATE JUSTICE BRIAN P. STERN

ON OCTOBER 11, 2017

APPEARANCES:

STEPHEN DELSESTO, ESQUIRE.....RECEIVED

GINA GIANFRANCESCO GOMES
COURT REPORTER

C E R T I F I C A T I O N

I, Gina Gianfrancesco Gomes, hereby certify that the succeeding pages 1 through 30, inclusive, are a true and accurate transcript of my stenographic notes.



GINA GIANFRANCESCO GOMES
COURT REPORTER

1 WEDNESDAY, OCTOBER 11, 2017

2 MORNING SESSION

3 THE COURT: Good morning. Madame clerk, if you'd
4 call the case.

5 THE CLERK: The matter before the Court is Case
6 Number PC-2017-3856, St. Joseph Health Services of Rhode
7 Island vs. St. Joseph Health Services of Rhode Island
8 Retirement Plan. Counsel, would you each identify
9 yourselves.

10 MR. DELSESTO: Good morning, your Honor. Stephen
11 DelSesto, temporary receiver for the plan.

12 THE COURT: Thank you very much. The Court first
13 wants to acknowledge there are a number of attorneys who
14 have entered their appearances at this point or have
15 filed motions including the original petition. And,
16 certainly, if any of those attorneys that have entered
17 wish to be heard on any issues before the Court this
18 morning, just let me know at the appropriate time when we
19 reach the issue. We have an appearance by Steve
20 DelSesto, the temporary receiver. We have an appearance
21 by Christopher Callaci for the United States Nurses and
22 Allied Professionals; Arlene Violet on behalf of certain
23 individual plan members; Rob Senville, also on behalf of
24 certain individual plan members along with Attorney
25 Violet; Richard Land of St. Joseph's Health Services of

1 Rhode Island, Inc.; Kathryn Enright of the Rhode Island
2 Attorney General's Office; and Jessica Rider also of the
3 Rhode Island Attorney General's Office.

4 Before the Court today are a number of matters. The
5 first is the status of the appointment of the Receiver.
6 Second, the status of the pending request by Attorney
7 Land on behalf of the petition of St. Joseph's Health
8 Services of Rhode Island, Inc. to reduce retirement
9 benefits. That was continued by this Court at the last
10 hearing. I would like a report of the status of
11 retention of litigation counsel from the Receiver and a
12 status report from the Receiver.

13 The Court has also received a request to schedule a
14 a motion to stay prior to any reduction of benefits
15 approved by the Court by Attorney Violet and that was put
16 on the calendar solely for the reason of scheduling any
17 motion and if Attorney Violet wishes to be heard. There
18 is also a limited objection of UNAP to the petition for
19 the appointment of the Receiver. The Court has also
20 received this morning from the Receiver two additional
21 petitions, a petition for instructions and an emergency
22 petition to engage special legal counsel. And I'm going
23 to request that the Receiver during his report take us
24 through that as well. That being said, counsel, you may
25 proceed.

1 MR. DELSESTO: Thank you, your Honor. Good morning,
2 your Honor. As your Honor stated, we are here on several
3 issues. The main issue that this hearing was scheduled
4 for was the petition to appoint me as permanent receiver.
5 Your Honor, for the reasons set forth in my petition for
6 instructions, which I will go over with the Court, I am
7 asking that the Court continue that hearing for
8 approximately two weeks until Thursday, October 27th, if
9 that time is available for the Court.

10 The reason for my request to postpone my appointment
11 as permanent, your Honor, is over the past two months I,
12 Attorney Wistow, and his office have been doing much
13 reading and research regarding this case. One issue that
14 came up that we noticed was the respondent in this case
15 is the plan. I have some concerns as to whether or not
16 the plan can be the sole respondent. It's
17 well-established that if a trust, which I believe this
18 plan is, is sued, that the trustee must also receive by
19 service of process or appearance, they must also be added
20 as a party to the case.

21 As a result, your Honor, to cure what may be
22 deficiencies, I'm not saying that they necessarily are,
23 but as a belt and suspenders, I am asking to make these
24 changes. I am asking that the Court authorize me through
25 this petition for instructions to serve via summons both

1 Bank of America, who is the trustee of the trust, but
2 also the two authorized signatories, who have been
3 indicated to me through Bank of America's documents as
4 being the two parties authorized to direct the trustee at
5 the time of my appointment as temporary receiver.

6 To give a little background on that, your Honor,
7 Bank of America is, as successor to Fleet National Bank,
8 the trustee of the trust which was established in 1995.
9 While they are the trustee, a reading of the trust
10 document indicates that they have very little
11 discretionary authority with regards to managing the
12 funds in that trust. They actually are directed by
13 several individuals that the trust indicates. I have
14 asked Bank of America to provide me with documentation
15 that they have that provides them with the names and
16 signature specimens as to who can direct them with regard
17 to the assets. As far as investments and benefits are
18 concerned, they provided to me a limited production which
19 indicated at the time that I was appointed, Dan Ryan, who
20 is a former board member -- I think he may have held the
21 position.

22 THE COURT: Based on these documents, he's a
23 secretary.

24 MR. DELSESTO: Okay. As well as Richard Land, who
25 is the attorney for the petitioner. Out of an abundance

1 of caution, I am asking that they also be served via
2 summons just for purposes of notifying them of the
3 petition, the appointment of temporary receiver, and ask
4 them to appear to the extent that they feel it's
5 necessary on the 27th and show cause why a Receiver is
6 not necessary in this case. I believe that to the extent
7 there is a deficiency in the pleading that would cure it.
8 To the extent that your Honor feels it's necessary, it
9 may also be appropriate to serve that summons on the
10 current board members, those who were in place and those
11 were the ones who voted to file the petition with the
12 Court in the first instance, which would include David
13 Hurscht, Polly Daly, and Father Timothy Riley. (Phonetic
14 spellings) Again, this is not because I have determined
15 there is any liability with regard to any of those
16 parties, but under the law they are required or those
17 that direct and have control over the trust and the funds
18 are required to receive notice of the proceedings.

19 THE COURT: Is there any, correct me if I may be
20 wrong, any issues from the temporary receiver's point of
21 view of holding off for the couple of weeks for the
22 permanency?

23 MR. DELSESTO: I do not believe so, your Honor. I
24 believe the temporary order gives me, obviously, certain
25 powers. In addition, as your Honor may recall, we did

1 ask for the Court to expand those powers to include
2 subpoena powers, which the Court granted. With that
3 expanded power in the temporary order, I think a couple
4 of weeks will not serve to hinder or compromise any of my
5 efforts.

6 In addition, your Honor, my petition for
7 instructions seeks instruction from this Court with
8 regard to whether or not it would be appropriate or
9 necessary to add Bank of America in its capacity as
10 trustee as a respondent in this case or as what I refer
11 to as a nominal respondent. Again, recognizing that
12 there is no allegation of liability or there is no
13 allegation of wrongdoing on their behalf, it's purely to
14 notify that party that is responsible under the trust
15 document for the trust so that the trust is properly
16 before this Court and under the Court's jurisdiction.

17 That would be something that I would be asking the
18 Court to provide me instruction so we could amend the
19 case caption to include them in addition to providing the
20 summons that I'm requesting for the petition for
21 instructions. I do realize that was filed today and it
22 may be prudent to hold off the entry of an order
23 regarding that while the parties have a chance to read
24 and absorb the request made. I felt it was appropriate
25 to bring it to the Court's attention today especially in

1 light of my request to postpone the hearing on a
2 permanent for that approximate two-week period.

3 THE COURT: Okay. So the petition for instruction
4 that was filed today, the Court is going to approve short
5 notice so we don't have to deal with the normal ten-day
6 period. The Court is going to allow any party who wishes
7 to file the papers with respect to the petition until the
8 close of business on Monday. It will be on the court
9 site but also on the Receiver's site as well and the
10 Court will enter the appropriate order.

11 I have no issue continuing the permanency hearing.
12 I haven't had a chance to look at the substance. I will
13 tell you that certainly we're serving additional parties
14 and there is questions in terms of current members of
15 the board. I don't necessarily see a down side so we
16 don't get back on the same issue again, getting more
17 people served than less at this point. The Court will
18 reserve, however, notice is shortened. Any objections
19 filed by the close of business on Monday.

20 MR. DELSESTO: Thank you, your Honor. It's
21 important to note and it's mentioned in my papers, your
22 Honor, part of the reason for this measure I'm asking to
23 take is because the order appointing the temporary in
24 paragraph seven indicates that a citation should be
25 issued to the plan. It's my understanding that the clerk

1 no longer engages in that practice so there is a question
2 as to service at this point.

3 Unless there are any further questions on that, your
4 Honor, I would like to move to the petitioner's request
5 in the petition to appoint Receiver by which the
6 petitioner request that the Court authorize a reduction
7 of benefits of 40 percent. As your Honor knows from our
8 last hearing, there has been much confusion, and, quite
9 frankly, anxiety among the pension holders around that
10 request. Your Honor mentioned at the last hearing that
11 there was a question as to whether or not with a Receiver
12 now in place whether such a request was even appropriate.

13 As a result, your Honor, assuming for the moment
14 that it would be appropriate, I am asking that the Court
15 pass that request in light of the fact that the Court has
16 set a timeframe sometime after the first of the year to
17 address reduction of benefits and I am charged with
18 reviewing all available options to determine what may be
19 the most equitable way to address an adjustment of those
20 benefits. So I am asking that the Court pass the
21 petitioner's request and that the next time we are before
22 the Court on the issue of benefits reduction will be on
23 my recommendation, which will occur sometime after, I
24 believe, we had said sometime around the 1st of February.

25 THE COURT: That issue in terms of passing and

1 trying to stay away from the legal terms basically means
2 do away with that motion like it doesn't exist. It means
3 the Receiver may bring a motion down the road. That was
4 pending and there was a motion to stay by Attorney Violet
5 and also a limited objection by UNAP which seemed to
6 involve some of these issues. Attorney Violet, would you
7 like to be heard with respect to that?

8 MS. VIOLET: Yes, your Honor. Your Honor quite
9 correctly noticed that we put this motion for stay in
10 just so we could get a further date to have it heard. As
11 the Court knows from I'm sure reviewing the motion, we
12 have made requests on behalf of the 300 plus people that
13 Attorney Senville and I represent pro bono for certain
14 information. I only made that yesterday afternoon. So I
15 am sure the Receiver has not a chance to look over
16 information and data that we, in fact, are looking for
17 relative to the underpinning of this motion.

18 In addition, your Honor, I also sent over a couple
19 of cases, one of which is a United States Supreme Court
20 case, Califano vs. Yamasaki and Matern vs. Matthews, the
21 case my co-counsel Robert Senville successfully argued to
22 the United States Court of Appeals Third Circuit that
23 requires, we believe, notice to every retirement plan
24 member as well as the mechanism where there is a proposed
25 reduction of benefits that they have an opportunity to be

1 heard on undue hardships.

2 I understand, of course, with the continuation of
3 this matter and that there, in fact, is not going to be
4 any cut, at this point I don't feel I have to argue that
5 point. It's going to happen just by the passage of time,
6 but when the point comes on this issue, I want to just
7 make sure that proper notice was sent to each retirement
8 plan member of the proposed reduction of benefits and the
9 opportunity to be heard because I think that the
10 governing principles of the case, which is against equity
11 in good conscious, is the case law that forms those types
12 of decisions. So given that the continuation anyway is
13 going on, I think until February or so, at this point we
14 don't want to press the motion. So we would ask you to
15 continue it to another date. Thank you, your Honor.

16 THE COURT: Thank you very much. So, basically,
17 because the Receiver has now withdrawn any motion to
18 reduce benefits subject to him making a further one down
19 the road, the motion to stay that was filed by Attorney
20 Violet dealt with what the process and procedure and the
21 steps would be in terms of how that motion would be
22 heard. So while the Court will continue that motion
23 without assigning a date right now, because we do
24 anticipate that at some point the Receiver may be filing
25 a motion and certainly that would be the appropriate

1 time. So without prejudice to any of the 300 people that
2 filed the motion, we will have an opportunity to have
3 that formally heard by the Court should the Receiver file
4 a formal motion, and I would ask the Receiver to just
5 keep Attorney Violet in the loop so she is aware of when
6 that motion may be coming and we can schedule that.

7 MS. VIOLET: Thank you, your Honor.

8 THE COURT: Attorney Callaci, you have a limited
9 objection for dealing with the same issues. Does counsel
10 wish to be heard on that?

11 MR. CALLACI: Yes, your Honor, briefly. The Court
12 has decided to pass on the matter, I'm inclined not to
13 speak on the objection unless you would like me to.

14 THE COURT: No, no. I just wanted to give you the
15 the opportunity. The motion was passed. Certainly, it's
16 without prejudice to you filing any papers you feel are
17 appropriate.

18 MR. CALACI: Thank you.

19 THE COURT: If the Receiver would please move on.

20 MR. DELSESTO: Thank you, your Honor. Your Honor,
21 the next issue I wanted to address involves the
22 engagement of Wistow & Loveley. Attorney Max Wistow,
23 Steve Sheehan, and Benjamin Ledsham from that office to
24 assist the Receiver with regard to identifying potential
25 claims and then assessing the prudence of pursuing those

1 claims, and then if that is determined to be a prudent
2 step, to actually pursue those claims. I have filed,
3 your Honor, what is captioned as an emergency petition to
4 engage special legal counsel in that regard. I have in
5 that petition asked that the Court authorize me to engage
6 Wistow & Loveley for the purposes I just stated, which
7 are more specifically outlined in that petition as well
8 as in the engagement that is attached as Exhibit A to
9 that petition.

10 I will break down quickly for the Court the terms of
11 that engagement. It's basically a three-step process or
12 three-stage process, your Honor. The first stage is, as
13 I just stated, identify claims, whether or not there are
14 claims that can be brought on behalf of the Receiver or
15 the plan against any individual or groups. At that
16 stage, your Honor, Wistow Sheehan & Loveley will be paid
17 a blended breakup of \$375 an hour, which notably is the
18 same breakup charged by the Receiver in this case.

19 Beyond that stage, your Honor, stage two, if claims
20 are identified and it is determined that it's prudent to
21 pursue those claims, then it is a stage where I am
22 referring to it as a settlement in lieu of litigation, so
23 Wistow Sheehan & Loveley will endeavor to try to settle
24 those claims without having to file a lawsuit and bring
25 those claims either via demand letter or something of the

1 like. If they are able it recover any moneys at that
2 stage, they will receive ten percent of the gross
3 recovery at that stage. Obviously, your Honor, if I
4 state anything or do not include something, I ask that
5 Attorney Wistow supplement whatever I'm saying to your
6 Honor.

7 Finally, your Honor, is what I will call the final
8 stage and that's what I am going to term as the
9 litigation stage. If there are claims identified and if
10 the efforts to settle in lieu of litigation are not
11 successful with any party or all parties that are
12 identified and Wistow Sheehan & Loveley is required to
13 commence formal litigation against those parties, it
14 would be a contingency fee based upon the gross recovery
15 of 23 and a third percent. Those are the terms that
16 Wistow Sheehan & Loveley and I had negotiated. I believe
17 they are fair and reasonable. They do take into account
18 the increasing complexity that happens in litigation in
19 the future and I believe the engagement of Wistow Sheehan
20 & Loveley is in the best interest of the estate as well
21 as the pension holders.

22 While I know that the Court and I are familiar with
23 that firm and its expertise and skill, many in the
24 courtroom may not be. So with your Honor's permission, I
25 would ask that Attorney Wistow, on behalf of that firm,

1 provide just a few words explaining his law firm and the
2 qualifications that they have. I have spelled it out,
3 but I think it's important for the people in the
4 courtroom to hear.

5 THE COURT: Thank you.

6 MR. WISTOW: Good morning, your Honor.

7 THE COURT: Good morning.

8 MR. WISTOW: Let me state that I found out about 20
9 minutes ago that I would be called upon to make this
10 presentation, for which on advance notice I want to thank
11 the Receiver. Having said that, I don't have an
12 opportunity to present a complete resume so let me try to
13 explain what our firm is like. We do general litigation.
14 We don't do criminal work. We don't do collections. We
15 do mostly complex and difficult civil litigation. Our
16 most recent adventure involved the 38 Studios, where our
17 office represented Rhode Island Commerce Corp. and
18 achieved settlements of about \$61 million out of a total
19 potential liability of \$89 million.

20 I myself have been practicing, I blush to confess,
21 48 years. The two other lawyers in the case, who, by the
22 way, worked extensively on 38 Studios and didn't get
23 anywhere near the credit they deserved, Steve Sheehan and
24 Benjamin Ledsham, and they will be working intensively on
25 this case. Steve has been practicing 38 years and

1 Benjamin ten years.

2 My office has been involved over the years in rather
3 complex matters -- 38 Studios, obviously, the Station
4 Fire where we were one of the lead counsel on that case.
5 We have been involved in some very unusual actions
6 involving suits against the Palestinian Liberation
7 Organization and the terrorism claims for which we
8 achieved notable settlements, the terms of which are not
9 disclosable. We were involved in the Depco case during
10 the Sundlun administration. We have done many civil
11 rights' cases invariably on the part of injured people,
12 police brutality cases. We've had the pleasure, and I
13 put that in quotes, of being involved in redistricting
14 and reapportioning cases both statewide and in the City
15 of Providence.

16 We're no strangers to suing hospitals, mostly in
17 medical malpractice cases. We have sued Roger Williams
18 and St. Joseph's Hospital numerable times in the past.
19 We have nothing pending against them at the moment. And,
20 by the way, I don't mean to indicate by that statement
21 that we are planning necessarily to sue Roger Williams or
22 St. Joseph's.

23 We've represented over the years and continue to
24 represent at the present time lawyers who are being sued
25 and we're suing lawyers for legal malpractice. We have

1 represented government officials before the Rhode Island
2 Ethics Commission on ethics issues. And, generally, I
3 think we've done pretty much what can be done. People
4 might say we are jack of all trades and master of none,
5 but we have been through it all.

6 I want to say one thing about the fee arrangement.
7 The period of the so-called investigation is going to be
8 relatively unusual because, as Mr. DelSesto has pointed
9 out, we are going to be able to do extensive discovery
10 during this investigatory stage to prove not only the
11 acquisition of voluminous records but also the deposition
12 of various people. We are going to be able to do that
13 before we bring suit. We are hopeful that if we do come
14 up with something worthwhile the potential of settling
15 before suit will be relatively realistic, in which case
16 the ten percent attorney's fee we believe will be modest.

17 We talked both to Ms. Violet and her colleague Mr.
18 Senville and to the union about the fee arrangement
19 because believe it or not, your Honor, some lawyers would
20 like to be seen as doing the right thing and I believe
21 that we have the support of both the union and Ms. Violet
22 and Mr. Senville at this point both to our appointment
23 and to the terms of the compensation. If your Honor has
24 no questions.

25 THE COURT: No. Thank you very much, and I

1 appreciate that. I just want to point out for the record
2 that I had contacted the Receiver this morning when I
3 saw the emergency motion and had requested if you would
4 address the Court just because I thought it was important
5 on the record for people to understand. So anything
6 credited to the Receiver comes back to me.

7 MR. DELSESTO: I was going to take credit, your
8 Honor. I wanted to see how Max did on his feet. Your
9 Honor, with regard to Max Wistow Sheehan & Lovely's
10 engagement, again, that was filed today. I do recognize
11 that it would be prudent to, obviously, not rule on that
12 request today. I have filed it. I did file a proposed
13 order. In that order, your Honor, I do want to note this
14 is listed in the petition but it's also in the order, in
15 addition to engaging Wistow Sheehan & Loveley under the
16 terms of the engagement that is attached, recognizing the
17 sensitive nature of the time records that Wistow Sheehan
18 & Loveley will have relative to litigation and potential
19 strategy and things of that nature, I ask that the Court
20 allow when I come in to seek approval of the fees that
21 they are invoicing to the estate, that those fees be
22 allowed to be submitted to the Court in redacted form so
23 as not to reveal any sensitive strategy information
24 regarding litigation and that it be accompanied with a
25 recent recommendation by the Receiver as to those fees,

1 your Honor. Again, the reason for that is the sensitive
2 nature of the work they will be doing in the
3 investigation and I think it would be imprudent if those
4 were filed publically.

5 In addition, your Honor, as your Honor is aware,
6 Wistow Sheehan & Loveley, all three attorneys, Wistow,
7 Sheehan, and Ledsham have been working very closely with
8 me since very early on in the case. Notwithstanding the
9 fact that the engagement request is coming before your
10 Honor today, they have spent substantial time and have
11 brought what I would consider to be of significant value
12 already to the case in the last two months. The order
13 also makes a request that any time they have incurred
14 prior to today with regard to this case be permitted to
15 be submitted in the first request that I gave to the
16 Court for approval of their fees.

17 THE COURT: Counsel, certainly I understand the
18 emergent nature of the request. I think everyone wishes
19 the investigation continue so there can be a
20 determination of whether there are claims of the estate
21 against any third parties or not, so we can have the
22 information. I also recognize that the motion was just
23 filed this morning and I have briefly been able to look
24 at it. The Court thinks it's appropriate to certainly
25 wait the ten days for a formal notice. That should be

1 made available today on the website and also will be on
2 the court portal. If there are any objections or anyone
3 wishes to be heard in writing to file something by the
4 close of business on Monday. After the Court reviews if
5 anything that is filed, the Court will make a
6 determination whether a further hearing is necessary or
7 whether it will enter an order or modify an order if it
8 deems it appropriate. But I appreciate you, Attorney
9 Wistow, and his firm getting to the point whether we get
10 it from potentially having counsel engaged by the
11 Reciever to investigate and take steps with respect to
12 any claims that we have before us today is something that
13 the Court can consider.

14 MR. DELSESTO: Thank you, your Honor. Unless there
15 are any questions on the engagement of Wistow Sheehan &
16 Loveley, your Honor, I would like to move to the next
17 issue on my list, which I'm going to call the creation of
18 creditors, committees, or groups. There has been a lot
19 of concern raised by pension holders and rightly so. As
20 your Honor knows, we did have a town hall meeting on
21 October 2nd. We had about 600 participants at that
22 meeting and many expressed concern that they didn't have
23 a voice yet in this proceeding. Obviously, Attorneys
24 Violet and Senville have identified a group that they are
25 representing in addition to the union representatives,

1 union members.

2 But there is a group, which I believe is
3 encompassing nonunion members, who may or may not be
4 receiving retirement benefits but who are what I would
5 term as still employable. They are not disabled or of
6 the advanced age that they could not seek employment. I
7 will term them because they have used the term, that
8 middle group, I believe needs some voice even at this
9 early stage in the case. Not necessarily regarding what
10 will or won't happen to the benefits, although that is an
11 issue that we are going to be fast approaching over the
12 next few months, just from a point of receiving
13 information, communicating, getting that information and
14 getting their concerns and the issues that they want
15 addressed into the hands of somebody who can bring it to
16 my attention.

17 While I am not prepared today to ask the Court to
18 designate or assign a creditor committee, but I would ask
19 that the Court allow me to prepare a petition and
20 recommendation essentially which creates those which
21 would be heard on the same day, if your Honor would allow
22 it, as the permanent hearing on the 27th, but also to
23 give me time to identify potential counsel.

24 I have spoken with Attorneys Violent and Senville,
25 the attorneys in Mr. Wistow's office, as well as the

1 union to try to identify attorneys that may be able to
2 and willing to step into that role. Obviously, your
3 Honor, Ms. Violet and Senville have said they are doing
4 their representation on a pro bono basis. The union is
5 obviously doing their representation of the union members
6 who pay dues to the union. That middle group because,
7 quite frankly, I do not believe the estate can afford to
8 retain counsel on their behalf, there is a question as to
9 whether or not if we sought counsel that was not willing
10 to do it pro bono, that those parties would need to
11 understand what the fee would be with that attorney and
12 then work it out.

13 Hopefully, I can identify one or more attorneys that
14 will be willing to do it on a pro bono basis, but I would
15 just ask for that additional time to prepare a reasonable
16 recommendation to the Court, which hopefully will include
17 a recommendation on a counsel that costs, hopefully, the
18 pension holders no additional funds. But if so, they can
19 make a determination for themselves as to whether or not
20 they want to hop into the that group.

21 THE COURT: Let me see if I can break this down and
22 understand it a little bit. We have basically two paths
23 that are going on. The first is we have counsel
24 investigating claims and determining where there are
25 claims and looking to bring money and to appropriate it

1 into the estate. I don't necessarily see an issue with
2 all 2,700 plus aside from what we just got this morning
3 in terms of what the arrangements are of not being on the
4 same page in terms of bringing into the estate. Is that
5 what happened?

6 MR. DELSESTO: I think it's safe to say, your Honor,
7 that all 2,729 pension holders are interested in bringing
8 as much money into the estate to supplement the current
9 plan.

10 THE COURT: We're talking about something a little
11 different here and I just want to be clear. Those 2,729
12 members of the plan are in differing positions. You just
13 went through, we have some that are retirees that are
14 currently collecting that may be in a certain situation,
15 we have members of the bargaining unit that are involved,
16 and then we have another group that you started talking
17 about that are no longer covered by the bargaining unit
18 and may not be collecting at this point and there may be
19 some other things that come into play. Maybe it's those
20 kinds of groups or maybe it's something different that
21 the Receiver wants to look at and come up with a
22 committee structure looking at the interest of those
23 different groups, which the Court has done in the past,
24 most recently with Westerly Hospital, so I am all for
25 that.

1 But I think it's important for everyone to
2 understand there is another reason for that and the
3 reason for that is, as the Receiver said last time, is
4 that after the first of the year there may come a point
5 in time where the Receiver is going to have to ask this
6 Court to make some adjustments in benefits based on the
7 amount of assets that are in the plan. I foresee an
8 issue where there may be different points of view
9 depending on where people are as plan participants in
10 terms of what the Court should do. I would like sooner
11 rather than later to kind of tee up that issue of whether
12 we are going to have groups to make sure that if down the
13 road the Court has to make a decision is getting informed
14 from a different prospective of the groups.

15 I understand because of different circumstances of
16 different people, there can probably be 25 or 30
17 different groups. Unfortunately, to manage this we need
18 to have a limited number of groups, and if we have
19 attorneys that are willing to pro bono represent certain
20 portions of the groups or if there are attorneys already
21 representing certain portions of the group, I'm going to
22 leave that to you to make the appropriate
23 recommendations.

24 But I think that it's critical when we come back on
25 the 27th that you're prepared to make that recommendation

1 because I really do view for good or bad, unfortunately,
2 there is two parallel paths right now and the Court is
3 going to be in the position where it may have to address
4 that after the first of the year. What do we do in terms
5 of benefits that are going out because of the amount of
6 money in the plan? It's important that the Court be
7 informed from very different perspectives from the people
8 on the plan. So I appreciate you brought it up. As far
9 as I'm concerned, aside from claims it's appropriate and
10 necessary to move forward.

11 MR. DELSESTO: Thank you, your Honor. And to your
12 point, your Honor, part of the reason why I want that
13 established sooner rather than later it's because my
14 intention to sit down with Attorney Violet, Senville,
15 Callaci and whoever the attorney for that middle group is
16 as quickly as possible to see if we can collectively come
17 to a resolution on benefits. I think it's important for
18 everyone to understand that the work that Wistow Sheehan
19 & Loveley will be doing will take some time. Even if
20 they are able to identify potential claims that are
21 prudent to pursue, that is much further down the road
22 than the February 1st date that we spoke about at the
23 last hearing. So at the very least there would need to
24 be some type of interim adjustment on benefits to make
25 sure the plan sustains in an appropriate way while Wistow

1 Sheehan & Loveley does the investigation and eventually
2 pursues whatever claims and litigation that is.

3 THE COURT: I just want to be clear, there is a
4 clean slate. The other motion about the 40 percent no
5 longer exists. It's going to be that that, you know,
6 recommendation and the parties is going to be something
7 that is yet to be determined. I use the word may, but,
8 you know, being quite frank, there is assets in the
9 pension plan at this point that are far less than would
10 be available to make all the payments to the retirees.
11 So it may very well be an issue that we need to address
12 prior to knowing what claims there may be and hopefully
13 resolving some of those claims.

14 MR. DELSESTO: Exactly.

15 THE COURT: Is there anything else?

16 MR. DELSESTO: Unless your Honor has any questions
17 on that, I know everything I just presented to your Honor
18 provides somewhat of a summary of the status of what has
19 been done but I have some additional information that I
20 can provide your Honor in terms of a general status over
21 and above what we've already discussed today.

22 THE COURT: Why don't we do that. I just want to
23 point out, now that we talked about an emergency petition
24 to engage counsel, something that came up last time and
25 something that Attorney Callaci brought up in his papers.

1 As I mentioned before Attorney Enright and Rider from the
2 Rhode Island Attorney General's Office that this
3 engagement in no way both regulatory, state, federal,
4 operates a stay in any way of any investigation or
5 anything else that they deem appropriate. The role of
6 the attorney for the Receiver going forward is later
7 focused on claims the estate may have, resolving the
8 issues that may affect the plan, and it doesn't foreclose
9 in any way any of the other agencies from doing what
10 they may or may not do what they feel is appropriate.
11 Why don't we move forward.

12 MR. DELSESTO: Thank you, your Honor. Since the
13 last time we were before your Honor on September 8th, in
14 addition to all of the discussions and negotiations that
15 resulted in the petition today, I have met, along with
16 Attorney Wistow, many of the state leaders. We have met
17 with President Ruggiero from the senate. We met with
18 Speaker Mattiello. We met with members from the
19 Governor's office as well as with Treasurer Magaziner. I
20 am happy to report, obviously, the feedback on what we
21 are doing and what we're trying to do is positive.
22 Obviously, all state leaders were very upset with the
23 need to do what we're doing but happy with the Court. I
24 and Wistow, Sheehan, & Loveley are pursuing what we are
25 and trying to clear up what has happened and what can be

1 done to fix it.

2 I am also happy to let the Court know that Treasurer
3 Magaziner, who, obviously, his office has expertise in
4 dealing with pensions has offered the services of his
5 staff to provide any information that he can to assist in
6 our efforts. I already had several communications with
7 his office in which they provided information that will
8 be helpful. I appreciate that offer and I will continue
9 to utilize it as long as the offer remains open.

10 In addition to that, your Honor, we have also met
11 with the actuary of the plan, the plan administration,
12 which is Angell Pension, and their counsel. We had a
13 substantial meeting with them and we're going to be
14 following up in e-mail communication with their counsel
15 this morning to set up a set discussion, not in person,
16 but on the phone with them on that issue.

17 As I indicated earlier in the presentation, we had a
18 town hall meeting on October 2nd at Rhodes on the
19 Pawtuxet. We had approximately 600 pension holders in
20 attendance and after a brief overview of the process and
21 where we were at that point, I opened up the floor to
22 questions and many of the questions that were raised, the
23 obvious ones were what happened, where did the money go,
24 but they were also related to issues that were brought
25 before the Court today in terms of the creditors,

1 engaging Mr. Sheehan and Loveley, and things of that
2 nature. I continue to receive many, many, many calls and
3 e-mails from pension holders regarding the status of
4 issues. Most are out of state at this point, who are not
5 able to attend hearings like this. I have indicated to
6 them that I have set up the website which has court
7 pleadings as I indicated at the last hearing. Since then
8 I've also setup a website, a companion piece of the
9 website, which has information that I believe is public
10 or should be publically available related to the pension
11 plan with one caveat, your Honor.

12 Obviously, there are documents that may come into my
13 possession that generally speaking, I believe, might be
14 appropriate for public consumption. However, for the
15 reasons related to Wistow, Sheehan & Lovely's efforts, I
16 don't think it's prudent at this time to make that
17 information public. Whatever I'm making public on that
18 site, it's based on the determination that it is not only
19 appropriate for public consumption, but that it will not
20 in some way compromise the efforts of Mr. Wistow and his
21 firm on what their charge is in this case.

22 Other than that, your Honor, that pretty much brings
23 us current to today. We will continue to review
24 documents related to the plan. It's a large volume of
25 documents as your Honor is aware and may know. Each time

1 we review something, it sometimes raises more questions
2 than answers for us. It's a long arduous process. We're
3 going through it. Possibly in the next two weeks when we
4 are back before your Honor on the permanent that will
5 give us another update as to where we are and I will
6 continue to keep people informed as much as I can.

7 I have done, as I presented to your Honor, a draft
8 of what I will call frequently asked questions. I'm
9 adjusting that from the first one that I had sent to your
10 Honor. I received input from Wistow Sheehan & Loveley on
11 it and I added other issues that pension holders have,
12 quite frankly, raised to me and I will be posting that on
13 the data portion of the website by the week's end and we
14 will supplement that as additional questions come up and
15 as this case proceeds and other frequently asked
16 questions come up at each stage.

17 THE COURT: I would just ask counsel that the
18 Receiver communicate back to those general office's that
19 offered their help of where we are status wise, including
20 an application to retain, but also just as importantly,
21 so nobody is caught off guard you may be presenting a
22 petition after the first of the year which deals with
23 cuts and certainly those will be appreciated.

24 MR. DELSESTO: I will, your Honor. Unless your
25 Honor has anything further, that concludes my report for

1 today.

2 THE COURT: Attorney Wistow, is there anything else
3 that you wish to bring up that the Receiver hasn't
4 covered?

5 MR. WISTOW: Only to point out that if indeed we are
6 appointed, we are ready to the same day issue our initial
7 subpoenas. We have been working on those.

8 THE COURT: Thank you very much. With that, I want
9 to thank the Receiver for the report. 9:30 on October
10 22nd will be the next hearing to take up the permanent
11 receiver. The emergency motion and the petition for
12 instructions filed with the Court will be made available
13 both by the Receiver, and the Court requests anyone who
14 wishes to be heard in writing to submit something by the
15 close of business on Monday.

16 MR. DELSESTO: Thank you, your Honor.

17 THE COURT: Thank you.

18 MR. DELSESTO: I will submit a proposal order on the
19 petition for instructions as well as one has already been
20 submitted on which is Wistow Sheehan & Loveley.

21 THE COURT: Thank you all for your patience. The
22 Court is in recess.

23 (A D J O U R N E D.)

24

25